

§ 159D-42. Operations of projects; agreements of sale on leases; conveyance of interest in projects.

(a) The agency may sell or lease any project to a participating institution for operation and maintenance or lend money to any participating institution to effectuate the purposes of this Article, under a loan agreement or an agreement of sale or lease in form and substance not inconsistent with this Article. The loan agreement or agreement of sale or lease may include provisions that:

- (1) The participating institution shall, at its own expense, operate, repair and maintain the project covered by the agreement.
- (2) The purchase price payments to be made under the agreement of sale, the rent payable under the agreement of lease or the loan repayments under the loan agreement shall in the aggregate be not less than an amount sufficient to pay all of the interest, principal and any redemption premium on the bonds or notes issued by the agency to pay the cost of the project sold or leased or with respect to which the loan was made.
- (3) The participating institution shall pay all other costs incurred by the agency in connection with the providing of the project covered by any agreement, except costs paid out of the proceeds of bonds or notes or otherwise, including insurance costs, the cost of administering the resolution authorizing the issuance of, or any trust agreement securing, the bonds or notes and the fees and expenses of trustees, paying agents, attorneys, consultants, and others.
- (4) The loan agreement or the agreement of sale or lease shall terminate not earlier than the date on which all bonds and all other obligations incurred by the agency in connection with the project covered by the agreement are retired or provision for their retirement is made.
- (5) The obligation of the participating institution to make loan repayments or purchase price payments or to pay rent shall not be subject to cancellation, termination or abatement by the participating institution until the bonds have been retired or provision has been made for their retirement.

(b) If the agency has acquired a possessory or ownership interest in any project it has undertaken on behalf of a participating institution, it shall promptly convey, without the payment of any consideration, all its right, title and interest in the project to that participating institution upon the retirement or provision for the retirement of all bonds or notes issued and obligations incurred by the agency in connection with that project. (1985 (Reg. Sess., 1986), c. 794, s. 8; 1998-124, s. 8; 2000-179, s. 2.)